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Gray Drug Stores, Inc.

Annual Report

Year Ended April 30, 1973

GRAY DRUG STORES
RINK'S DEPARTMENT STORES

GRAY DRUG STORES, INC., based in Cleveland, is one of the nation's principal drug chains, with 167 drug stores and 27 leased drug departments in the stores of other retailers, and operates a fast-expanding discount department store chain called Rink's, with 34 stores at present. Most of our drug division units and all of our discount department stores are in Ohio and adjacent areas, and we are developing a major new base of drug store operations in southern Florida. The drug division also operates leased departments in our discount department stores. We operate under the name of Superior Laboratories, a large photo developing plant, and four large distribution centers. Our corporate policies emphasize rapid growth and regional operation with development of a highly competitive discount pricing image plus a reputation for quality products and good service.

Stores and Leased Departments

Fiscal Years Ended	April 30			June 30	
	1973	1972	1971	1970	1969
Drug Stores	167	165	167	134	129
Leased Drug Departments in Stores of Other Retailers	27	30	28	26	24
Discount Department Stores	34	30	27	23	22
Total Outlets Excluding Intra-Company Leased Departments	228	225	222	183	175

Operations

Fiscal Years Ended April 30	1973	1972	Increase (Decrease)
Net Sales	$226,570,253	$203,671,431	11.2%
Income Before Income Taxes	$ 3,501,058	$ 7,463,249	(53.1%)
Net Income	$ 2,092,058	$ 3,906,249	(46.4%)
Net Income Per Share	$ 1.26	$ 2.35	(46.4%)
Dividends Per Share	$ 1.20	$ 1.20	—
Working Capital	$ 31,642,203	$ 33,241,218	(4.8%)
Current Ratio	1.8 to 1	1.9 to 1	(5.3%)
Shareholders' Equity	$ 32,832,251	$ 32,714,560	.4%

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To Our Shareholders

Gray Drug Stores, Inc., earned $2,092,058 or $1.26 a share during the fiscal year ended April 30, 1973, compared with $3,906,249 or $2.35 a share for the preceding year.

Sales, which have increased for 24 consecutive years, totaled $226,570,253, up 11 per cent from the $203,671,431 of a year ago.

The decline in earnings was principally due to the effects of conversion of drug stores to discount pricing; loss of profits in a group of department stores whose management was changed toward the end of the year in a reorganization of the Company's discount department store operations; and unexpected charges in the fourth quarter which were determined in connection with the year-end audit.

Drug Division

Drug Division sales including leased drug departments in discount department stores totaled $123,315,000 last year, an eight per cent increase.

Our change to discount pricing was made in most of our drug stores near the start of the past fiscal year. It meant a sharp reduction in prescription and health and beauty aids prices during a period of inflation, plus increased advertising to announce our lower pricing.

Our objective in discount pricing is to achieve a higher volume of sales per store. Sales at comparable stores increased by steadily rising percentage rates last year, but not enough to offset the effect on profit of price reductions and expense increases. However, volume at these stores in May and June of this year was 14 per cent greater than during the same months a year ago. We continue to believe that the discount pricing program is a necessary and constructive step.

The drug division opened 16 new outlets last year, including nine drug stores and seven leased departments, five of which are in our own discount department stores. Six marginal drug stores were sold or closed, and six leased departments discontinued. Opening of 11 new drug stores and eight leased drug departments, six of which will be in our own discount department stores, is scheduled for the current fiscal year.

Gray Drug is a regional chain, traditionally operating in Ohio and adjacent states. We acquired a chain of southeast Florida stores at the end of fiscal 1971, and began to expand in that state as a new base for regional operations. Three new drug stores were opened in Florida last year, including our first location on the state's west coast. Three have been opened to date during the current fiscal year and four more are scheduled.

The Florida operations are growing satisfactorily, and we plan continuing expansion in Florida, as well as in our traditional Ohio area.

Discount Department Stores

Total volume in the 34 stores of our newly consolidated discount department stores division last year was $170,530,000 . . . including $103,255,000 in direct sales by this division, $18,639,000 by leased departments operated by our drug division, and $48,636,000 in sales of leased departments of other companies which provide us with rental income. The total represented an increase of 16 per cent from the preceding year, including revenues from new stores.

However, although the stores which made up the Bargain City chain continued to register satisfactory sales and profits in line with long-term trends, Rink's did not.

Rink's and Bargain City were consolidated late in the year into a single discount department store division under the direction of the Bargain City management. The Rink's name which has been used for some time to identify a number of private label products carried by all our discount department stores is being retained and will be used to identify all stores in the division.

Management of the consolidated division began a program to extend the Bargain City merchandising formula to all the discount department stores. Tightening of new space allotments is per-

Jerome A. Weinberger
President and Chief Executive

mitting new departments to be added providing better selection of hard goods, appliances, building materials, and do-it-yourself products. Fixture and traffic patterns have been improved.

These programs, which are far along and will be completed by early fall, have meant an overhaul of operations in 15 stores and involved markdowns of discontinued items and other unusual costs of a transition period. The adverse effect on profit was compounded by sales problems resulting from rainy spring weather.

The consolidation should result in economies. Only one management team is required, advertising is being coordinated for all stores, and buying functions have been consolidated. Most important, the stores have been converted to the merchandising and operating formula of an experienced discount department store management group with a long record of success.

Five new discount department stores were opened last year. Two were in Columbus, where we acquired three stores during the previous year. A new store was opened at Sidney, Ohio and another acquired at Adrian, Michigan. A large new store also was built at Fairfield, Ohio, to replace a smaller unit.

Six new stores are planned during the current year, including new units to strengthen our position in the Toledo and Dayton markets. The remainder are in smaller cities with a good economic outlook.

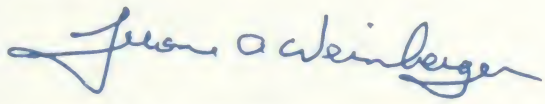
Financial Information

Working capital at the fiscal year end totaled $31,642,000, and current assets of $70,878,000 were in a 1.8 ratio to current liabilities of $39,236,000. Shareholders' equity was $32,832,000 or $19.72 a share. Dividends have been paid by Gray Drug during every year in its 45-year history and were at a rate of 30 cents quarterly, or $1.20 a share for the past fiscal year. The Company has reached agreement with the holders of its long-term notes limiting total dividend payments on its common shares for the fiscal year ending April 30, 1974 to a level of approximately 60 cents a share, including the 30 cents a share paid July 2, 1973.

In Summary

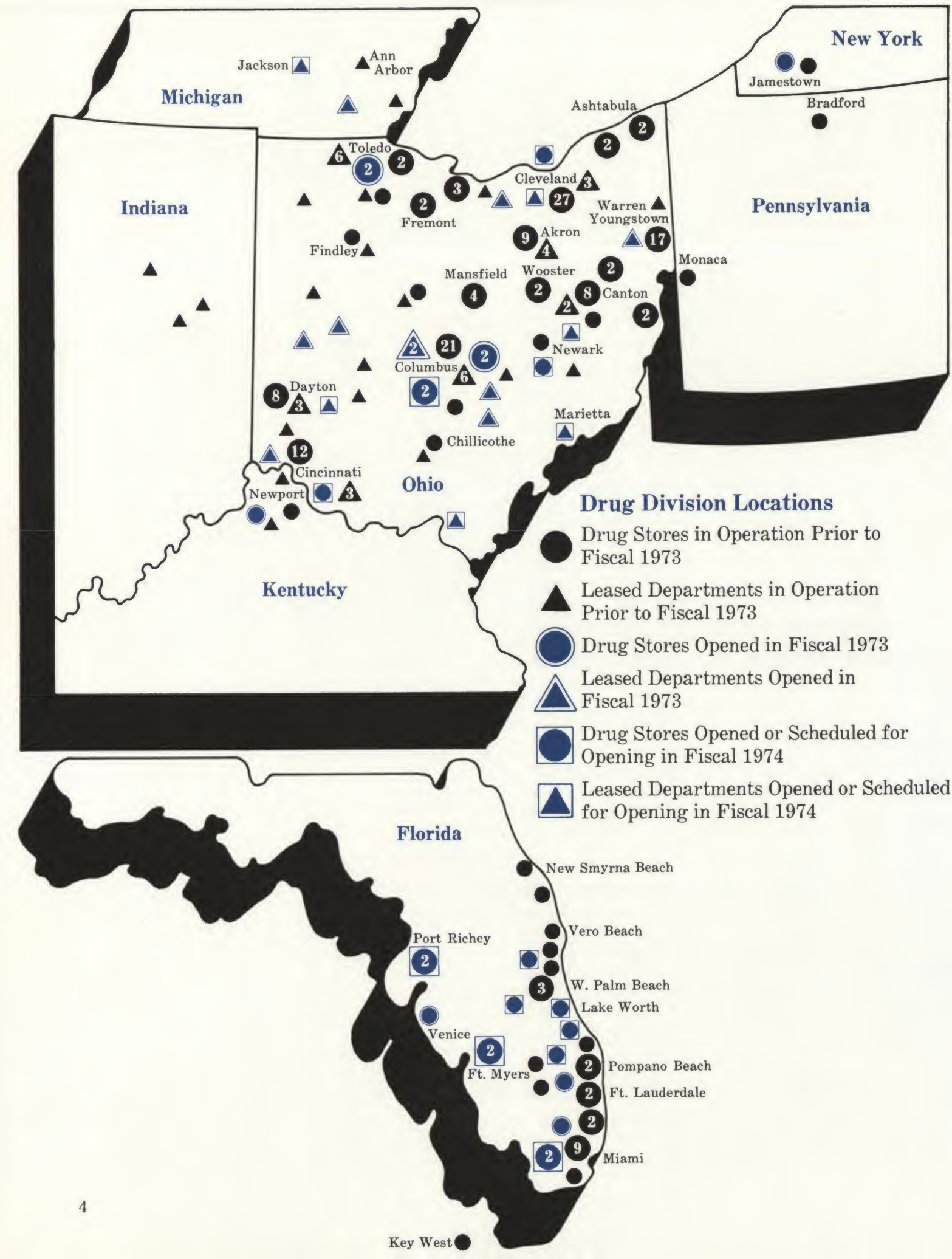
Gray Drug has added over $100,000,000 in sales during the past four years.We have strengthened our competitive image and taken steps which we believe should reverse the disappointing trends of the past year. While we recognize that problems remain to be overcome and that this may still take some time, we continue to believe that our opportunities for progress are good.

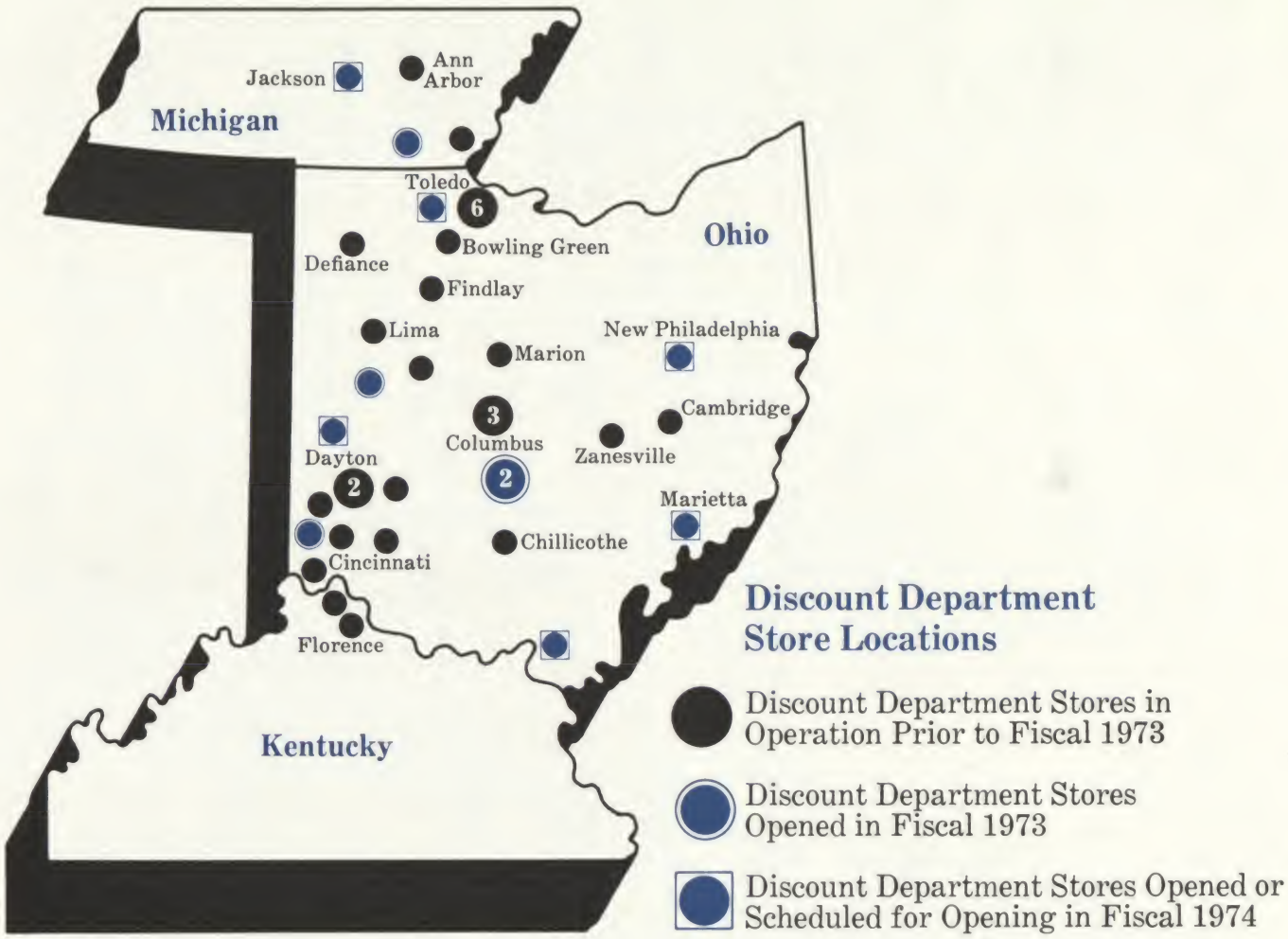
Sincerely,



Jerome A. Weinberger
President and Chief Executive

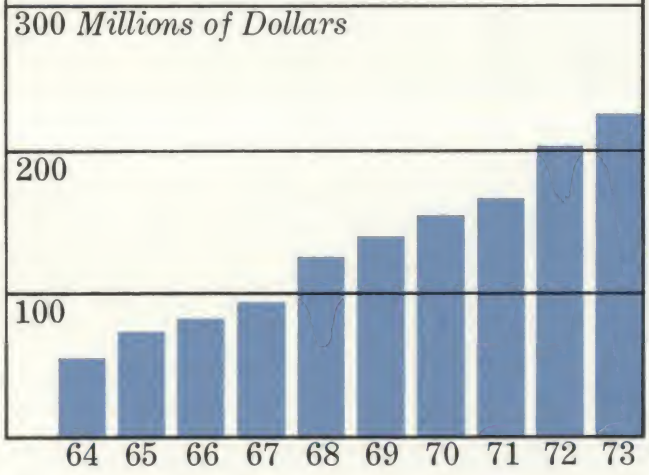
August 3, 1973


New York
Jamestown
Bradford
Michigan
Jackson
Ann Arbor
Ashtabula
Toledo
Cleveland
Indiana
Fremont
Warren
Youngstown
Pennsylvania
Findley
Akron
Monaca
Mansfield
Wooster
Canton
Newark
Columbus
Dayton
Marietta
Chillicothe
Cincinnati
Newport
Ohio
Kentucky
Drug Division Locations
Drug Stores in Operation Prior to Fiscal 1973
Leased Departments in Operation Prior to Fiscal 1973
Drug Stores Opened in Fiscal 1973
Leased Departments Opened in Fiscal 1973
Drug Stores Opened or Scheduled for Opening in Fiscal 1974
Leased Departments Opened or Scheduled for Opening in Fiscal 1974
Florida
New Smyrna Beach
Port Richey
Vero Beach
W. Palm Beach
Lake Worth
Venice
Ft. Myers
Pompano Beach
Ft. Lauderdale
Miami
Key West

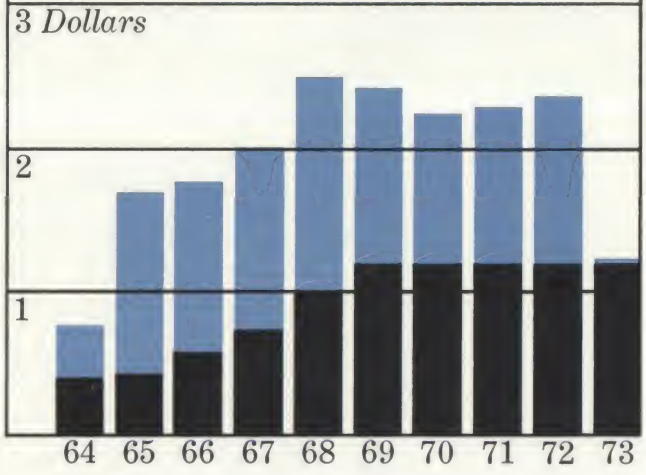

Jackson
Ann Arbor
Michigan
Toledo
6
Ohio
Bowling Green
Defiance
Findlay
Lima
New Philadelphia
Marion
Cambridge
3
Columbus
Zanesville
Dayton
2
2
Marietta
Chillicothe
Cincinnati
Florence
Kentucky
Discount Department Store Locations
Discount Department Stores in Operation Prior to Fiscal 1973
Discount Department Stores Opened in Fiscal 1973
Discount Department Stores Opened or Scheduled for Opening in Fiscal 1974

Discount Department Store Sales
180 Millions of Dollars
135
90
45
65 66 67 68 69 70 71 72 73
Direct Sales Discount Department Stores
Leased Departments (Independent)
Leased Departments (Intra-Company)

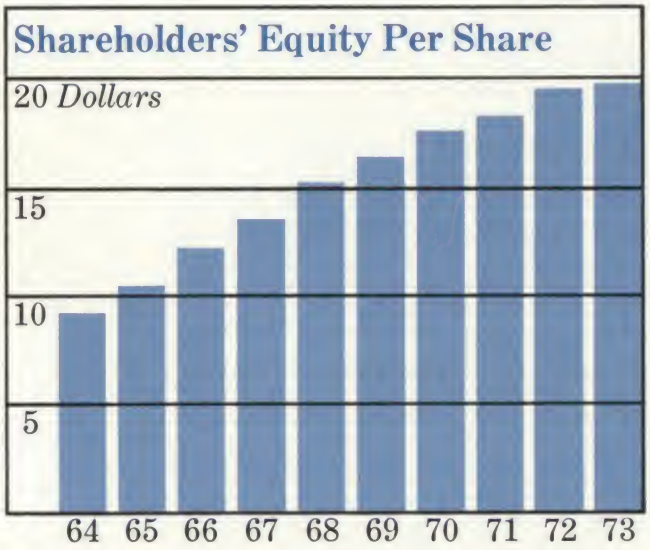
Sales



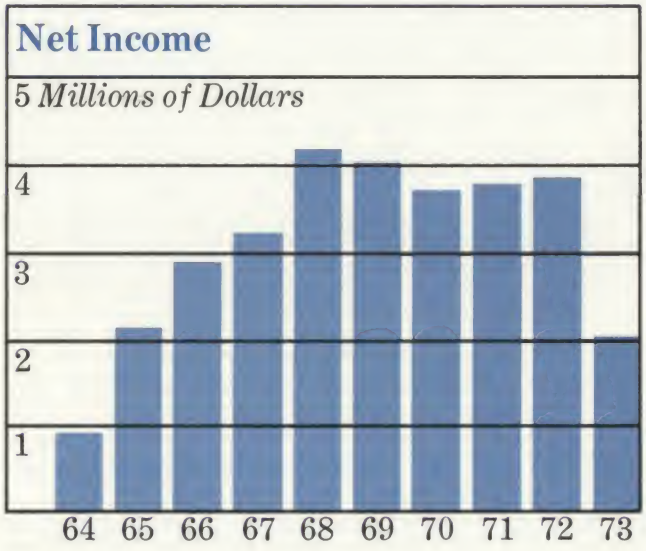
Dividends/Earnings Per Share



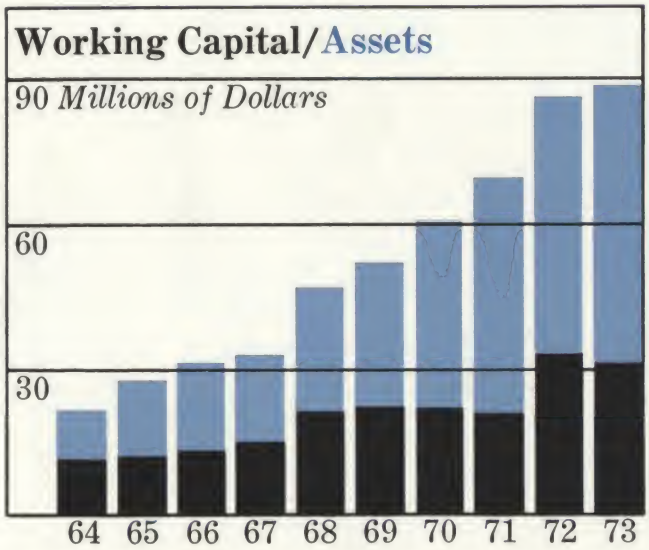
Shareholders' Equity Per Share



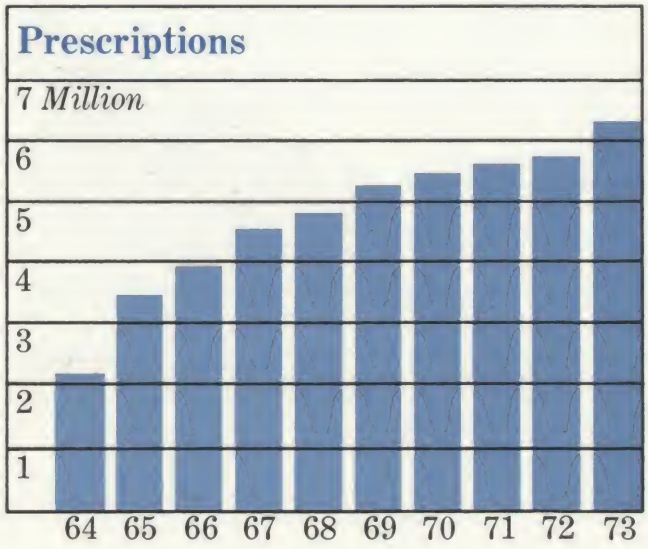
Net Income



Working Capital/Assets



Prescriptions



Statements of Consolidated Income and Retained Earnings

Gray Drug Stores, Inc. and Subsidiaries

	YEAR ENDED APRIL 30	
	1973	1972
Net sales	$226,570,253	$203,671,431
Rent from leased departments	1,760,619	1,347,152
Other income	423,360	421,930
	228,754,232	205,440,513
Costs and expenses:		
Cost of goods sold	155,445,165	136,533,482
Selling, general and administrative expenses	65,832,147	58,188,710
Depreciation and amortization	1,806,949	1,707,502
Interest expense	2,168,913	1,547,570
	225,253,174	197,977,264
INCOME BEFORE INCOME TAXES	3,501,058	7,463,249
Income taxes:		
Federal	1,180,000	3,185,000
State	229,000	372,000
	1,409,000	3,557,000
NET INCOME	2,092,058	3,906,249
Retained earnings at beginning of year	21,821,754	19,910,853
	23,913,812	23,817,102
Cash dividends paid	1,997,336	1,995,348
RETAINED EARNINGS AT END OF YEAR	$ 21,916,476	$ 21,821,754
Per share of Common Stock:		
Net income	$1.26	$2.35
Cash dividends paid	1.20	1.20

See notes to consolidated financial statements.

Consolidated Balance Sheets

Gray Drug Stores, Inc. and Subsidiaries

	APRIL 30	
	1973	1972
Assets		
CURRENT ASSETS		
Cash	$ 3,923,499	$ 2,952,193
Accounts receivable, less allowance of $40,000	2,460,803	3,003,197
Recoverable income taxes	708,496	—0—
Inventories	62,578,586	62,067,151
Prepaid expenses	1,206,606	1,035,070
TOTAL CURRENT ASSETS	70,877,990	69,057,611
OTHER ASSETS	288,524	423,351
PROPERTY AND EQUIPMENT		
Land ($457,099) and buildings	925,974	925,974
Furniture, fixtures and equipment	12,700,330	11,590,998
Leasehold improvements	6,944,666	6,177,518
	20,570,970	18,694,490
Less allowances for depreciation and amortization	7,556,547	6,731,600
	13,014,423	11,962,890
GOODWILL	5,087,101	5,087,101
	$89,268,038	$86,530,953
Liabilities and Shareholders' Equity		
CURRENT LIABILITIES		
Notes payable to banks	$12,500,000	$11,000,000
Trade accounts	19,592,098	17,848,955
Other liabilities and accrued expenses	4,891,593	4,201,641
Taxes other than income taxes	1,452,096	1,180,834
Income taxes	—0—	784,963
Current portion of long-term debt	800,000	800,000
TOTAL CURRENT LIABILITIES	39,235,787	35,816,393
LONG-TERM DEBT — less current portion — Note B		
Note payable to bank	4,200,000	5,000,000
Notes payable to insurance companies	13,000,000	13,000,000
	17,200,000	18,000,000
SHAREHOLDERS' EQUITY — Notes B and C		
Common Stock, par value $1 a share:		
Authorized — 1973 — 6,000,000 shares; 1972 — 3,000,000 shares		
Outstanding — 1973 — 1,665,040 shares; 1972 — 1,663,790 shares	1,665,040	1,663,790
Capital in excess of par value	9,250,735	9,229,016
Retained earnings	21,916,476	21,821,754
	32,832,251	32,714,560
COMMITMENTS — Note D		
	$89,268,038	$86,530,953

See notes to consolidated financial statements.

Statements of Consolidated Changes in Financial Position

Gray Drug Stores, Inc. and Subsidiaries

	YEAR ENDED APRIL 30	
	1973	1972
SOURCE OF FUNDS		
From operations:		
Net income	$ 2,092,058	$ 3,906,249
Depreciation and amortization which did not affect working capital	1,806,949	1,707,502
Total from operations	3,899,007	5,613,751
Long-term borrowings	—0—	13,000,000
Decrease in other assets	134,827	53,131
Sale of stock under option plan	22,969	22,969
	4,056,803	18,689,851
APPLICATION OF FUNDS		
Expenditures for property and equipment, net of normal retirements	2,858,482	3,976,697
Current maturities of long-term debt	800,000	800,000
Goodwill purchased	—0—	75,456
Cash dividends paid	1,997,336	1,995,348
	5,655,818	6,847,501
(DECREASE) INCREASE IN WORKING CAPITAL	$(1,599,015)	$11,842,350
Summary of major changes in working capital:		
Asset increase (decrease):		
Cash	$ 971,306	$ 687,424
Accounts receivable	(542,394)	967,634
Recoverable income taxes	708,496	—0—
Inventories	511,435	12,836,190
Prepaid expenses	171,536	(104,149)
Liability (increase) decrease:		
Notes payable to banks	(1,500,000)	—0—
Trade accounts	(1,743,143)	(3,460,609)
Other liabilities and accrued expenses	(689,952)	(482,793)
Taxes other than income taxes	(271,262)	(286,091)
Income taxes	784,963	1,388,668
Current portion of long-term debt	—0—	296,076
(DECREASE) INCREASE IN WORKING CAPITAL	$(1,599,015)	$11,842,350

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Gray Drug Stores, Inc. and Subsidiaries
Years ended April 30, 1973 and April 30, 1972

Note A — Summary of Significant Accounting Policies

Consolidation:

The consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly-owned. Intercompany transactions and profits have been eliminated upon consolidation.

Inventories:

Inventories are valued at the lower of cost (latest or average) or replacement market. Cost is determined on a specific item basis for inventories at the Drug Division warehouses and cost of inventories at other locations is determined by the retail method.

Property and equipment:

Property and equipment is stated on the basis of cost.

The provision for depreciation and amortization of property and equipment is computed principally by the straight-line method using rates expected to extinguish the carrying value of individual assets over their estimated useful lives.

Store preopening expenses:

Expenses related to openings of stores are expensed as incurred.

Goodwill:

Goodwill represents the excess of cost of investment in purchased companies over their recorded net assets at acquisition dates (prior to 1969) and is not being amortized because, in the opinion of management, there has been no decrease in the values attributable thereto.

Federal income taxes:

The investment tax credit ($344,000 in 1973 and $160,000 in 1972) on eligible leased or purchased property and equipment is accounted for by the flow-through method.

Net income per share of Common Stock:

Net income per share of Common Stock is computed using the weighted average number of shares of Common Stock outstanding each year, including, when material, the dilutive effect of the assumed exercise of stock options. The assumed exercise of stock options was not included in the computation since the dilutive effect in either year was less than three percent.

Note B — Long-Term Debt

The note payable to bank is payable in quarterly installments of $200,000 each through March 31, 1975, and a final installment of $3,400,000 on June 30, 1975, and bears interest at the prime commercial rate (6¾% at April 30, 1973) plus ¼%.

Notes payable to insurance companies are payable in annual installments of $1,300,000 from June 1, 1977 through June 1, 1986, and bear interest at a rate of 9%. As of April 30, 1973, the Company had not complied with certain financial covenants under the loan agreements with the insurance companies. The Company has secured waivers from the insurance companies with respect to such noncompliance. The terms of the loan and waiver agreements include covenants covering maintenance of working capital and limiting payments of cash dividends and other capital distributions (as defined). On July 2, 1973, the Company paid a dividend of $.30 per share (aggregating $499,512) to holders of record on June 8, 1973. A provision of a waiver agreement limits additional distributions to shareholders during the remainder of the year ending April 30, 1974, to $550,000 in the aggregate.

Aggregate annual maturities of long-term debt for the next five fiscal years are: 1974 and 1975 — $800,000; 1976 — $3,400,000; 1977 — $—0—; 1978 — $1,300,000.

Note C — Shareholders' Equity

In August, 1972 the shareholders approved an increase in the authorized number of Common Shares from 3,000,000 to 6,000,000 shares.

Under the Company's stock option plan, options may be granted to officers and other key employees to purchase shares of Common Stock at not less than the market price of the shares at date of grant. Options granted become exercisable, cumulatively, to the extent of one-fourth annually beginning one year from date of grant and expire in a maximum of five years from date of grant. The following tabulation summarizes certain additional information regarding the Company's stock option plan.

	Shares	Option Price Per Share	Option Price Aggregate
*Outstanding at May 1, 1971	47,250	$18.375 to $46.25	$1,680,375
Exercised	1,250	18.375	22,969
Canceled	1,000	46.25	46,250
*Outstanding at April 30, 1972	45,000	18.375 to 46.25	1,611,156
Exercised	1,250	18.375	22,969
Canceled	2,500	18.375 and 46.25	59,875
*Outstanding at April 30, 1973	41,250	18.375 to 46.25	1,528,312

**During 1971, the Company also granted options*

for 29,250 shares (of which options for 2,500 shares subsequently were canceled) at $18.375 a share, to certain optionees holding options for an equal number of shares at $46.25 a share. The lower-priced options are not exercisable until the previously granted higher-priced options have expired, and to the extent the higher-priced options are exercised, the number of shares subject to the lower-priced options will be correspondingly reduced. Should all the lower-priced options be exercised, the proceeds to the Company would be $745,656 less than the aggregate option price at April 30, 1973.

At April 30, 1973 and 1972, options for 32,875 shares and 24,177 shares, respectively, were exercisable and at April 30, 1973, 6,250 shares were reserved for future grants.

Proceeds of $22,969 from the exercise of stock options during each of the years 1973 and 1972 were credited to Common Stock ($1,250) and capital in excess of par value ($21,719). There are no charges or credits to income in connection with the options. There were no other changes in the Common Stock and capital in excess of par value accounts in either year.

In June, 1973 the Executive Committee of the Board of Directors approved the 1973 Stock Option Plan under which options for up to 100,000 shares may be granted to key employees. The Committee also authorized a grant of options for 56,320 shares at $15.875 per share. The Plan and grant are subject to shareholder approval.

Note D — Long-Term Leases

The Company and its subsidiaries are lessees under a number of warehouse, store and equipment leases extending over various periods up to 29 years. The annual minimum rental payable under such leases (many of which provide for additional rental if sales exceed minimum amounts) amounted to approximately $9,000,000 at April 30, 1973.

Note E — Pension Plans

The Company and its subsidiaries have two noncontributory pension plans covering certain of their employees. Total pension expense was $578,000 for 1973 ($371,000 for 1972), including amortization of past service costs to the retirement age of participants. The increase in expense resulted primarily from increased charges related to amortization of net losses on pension fund investments and from increased employment and compensation levels. The Company's policy is to fund pension cost accrued. The actuarially computed value of vested benefits as of the most recent valuation date exceeded fund assets and accruals by approximately $210,000 at April 30, 1973.

Accountants' Report

Shareholders and Board of Directors
Gray Drug Stores, Inc.
Cleveland, Ohio

We have examined the consolidated balance sheets of Gray Drug Stores, Inc. and subsidiaries as of April 30, 1973 and April 30, 1972, and the related statements of consolidated income and retained earnings and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying statements identified above present fairly the consolidated financial position of Gray Drug Stores, Inc. and subsidiaries at April 30, 1973 and April 30, 1972, and the consolidated results of their operations, changes in shareholders' equity and changes in financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Ernst + Ernst

Cleveland, Ohio
July 10, 1973, except as to
the second paragraph of
Note B as to which the
date is July 27, 1973

Ten Year Financial Summary

Fiscal Years Ended	April 30 (1)		
	1973	1972	1971
Net Sales	$226,570,253	$203,671,431	$167,218,553
Income Before Income Taxes	3,501,058	7,463,249	7,583,559
Net Income	2,092,058	3,906,249	3,814,559
Income Per Common Share (2)	1.26	2.35	2.29
Income as a Percentage of Sales	.92%	1.92%	2.28%
Income as a Percentage of Shareholders' Equity	6.37%	11.94%	12.39%
Cash Dividends Declared — Common Stock	1,997,336	1,995,348	1,995,048
Dividends Per Share	1.20	1.20	1.20
Number of Shares Issued	1,665,040	1,663,790	1,662,540
Net Working Capital	31,642,203	33,241,218	21,398,868
Total Assets	89,268,038	86,530,953	69,852,334
Long-Term Debt	17,200,000	18,000,000	5,800,000
Shareholders' Equity	32,832,251	32,714,560	30,780,690
Book Value Per Share	19.72	19.66	18.51
Property and Equipment Additions — Net	2,858,482	3,976,697	3,719,610
Depreciation and Amortization	1,806,949	1,707,502	1,406,047

(1) Fiscal year end changed to April 30 effective with fiscal 1972. Fiscal 1971 figures recast to reflect change.

(2) Based upon the number of shares outstanding at the end of each year for the fiscal years ended 1964 through 1966 and based upon the average number of shares outstanding during the year for each of the fiscal years ended 1967 through 1973, adjusted to reflect a 3 for 2 stock split on September 30, 1966, and a 5 for 4 stock split on November 6, 1967.

Board of Directors

Herbert H. Durr
Vice-President
Gray Drug Stores, Inc.

C. W. Evans
Retired Chairman of the Board
Gray Drug Stores, Inc.

Marvin L. Kahn
Senior Vice-President, Drug Division
Gray Drug Stores, Inc.

Julie Kravitz
President
Pick-N-Pay Super Markets, Inc.

James D. McClimans*
Executive Vice-President
Gray Drug Stores, Inc.

John W. Reavis*
Managing Partner
Jones, Day, Cockley & Reavis

Irving I. Stone*
President
American Greetings Corporation

Hyman R. Swolsky
Senior Vice-President, Discount Department Stores Division
Gray Drug Stores, Inc.

David M. Thoburn*
Senior Vice-President
The Cleveland Trust Company

Jerome A. Weinberger*
President and Chief Executive
Gray Drug Stores, Inc.

**Member of Executive Committee*

Corporate Officers

Adolph Weinberger
Honorary Chairman of the Board

Jerome A. Weinberger
President and Chief Executive

James D. McClimans
Executive Vice-President

Marvin L. Kahn
Senior Vice-President, Drug Division

Hyman R. Swolsky
Senior Vice-President, Discount Department Stores Division

Louis Berwitt
Vice-President and Secretary

Robert E. Breig
Vice-President

Herbert H. Durr
Vice-President

Kenneth Frey
Vice-President, Finance and Treasurer

Edward P. Habegger
Vice-President

June 30

1970	1969	1968	1967	1966	1965	1964
$155,964,997	$140,752,138	$124,899,300	$93,598,735	$83,352,705	$73,570,697	$57,320,337
7,447,338	7,432,460	7,698,566	6,087,794	5,581,032	4,337,653	2,011,104
3,747,338	4,040,460	4,193,766	3,256,894	2,912,432	2,176,053	946,404
2.25	2.43	2.52	2.01	1.79	1.72	.80
2.40%	2.87%	3.36%	3.48%	3.49 %	2.96 %	1.65 %
12.84%	14.73%	16.52%	14.73%	14.53 %	16.55 %	8.78 %
1,995,048	1,995,048	1,662,540	1,202,550	858,805	568,641	503,723
1.20	1.20	1.00	.74	.59	.45	.43
1,662,540	1,662,540	1,662,540	1,625,040	1,625,040	1,266,664	1,180,601
22,986,096	23,074,329	21,434,044	15,077,210	13,786,368	12,431,574	12,132,632
60,339,545	52,751,685	47,565,850	33,533,717	31,711,280	28,532,091	22,764,138
6,400,000	7,496,076	6,592,151	—	—	5,141,300	5,141,300
29,178,363	27,426,073	25,380,661	22,099,435	20,045,091	13,144,946	10,783,652
17.55	16.50	15.27	13.60	12.34	10.38	9.13
1,565,531	1,956,545	1,661,586	1,465,563	1,141,939	1,184,347	813,084
1,320,722	1,271,545	1,166,604	982,297	967,289	869,409	731,322

Albert F. Hanzlick
Controller

William Whitlinger
Assistant Controller

Donald E. Collins
Assistant Secretary

Divisional Operating Officers

Drug Division

Marvin L. Kahn
Senior Vice-President

Herbert H. Durr
Vice-President, Merchandising

Ezra Sacks
Vice-President

A. Joel Arnold
Vice-President, Drug Stores

Robert Bailey
Vice-President,
Leased Drug Departments

Robert Kwait
Vice-President, Florida Stores

David Peterson
Vice-President, Purchasing

Discount Department
Stores Division

Hyman R. Swolsky
Senior Vice-President

Solomon Norflus
Vice-President, Operations

Albert M. Negrin
Treasurer

Fred Grant
Vice-President

Joseph Tulman
Vice-President

Stock Listed

New York Stock Exchange
Midwest Stock Exchange

Transfer Agent

The Cleveland Trust Company
Cleveland, Ohio

Chemical Bank
New York, N.Y.

Registrar

The Central National Bank
Cleveland, Ohio

The Chase Manhattan Bank
New York, N.Y.

Auditors

Ernst & Ernst
Cleveland, Ohio

Counsel

Jones, Day, Cockley and Reavis
Cleveland, Ohio

Main Office

666 Euclid Avenue
Cleveland, Ohio 44114

Gray Drug Stores, Inc., 666 Euclid Avenue, Cleveland, Ohio 44114
216/696-2070